

Grain Transportation - POGA Annual Meeting



The Fair Rail Freight Service Act

- Bill C-52
- Royal Assent on 26 June, 2013
- Amends the Canadian Transportation Act
- Provides shippers with the mechanism of a service level agreement
- Establishes an agency arbitration process if agreements cannot be reached
- There are monetary penalties for breach of agreements, paid out to the state. These fines may be of up to \$100,000 (per incident)

The Fair Rail Freight Service Act

- A railway will have to offer a service agreement within 30 days of receiving a request from shippers
- During the first two years following the enactment of Bill C-52 into law, the CTA will select an arbitrator from among CTA staff or members.
- The CTA may provide administrative, technical, and legal assistance to the arbitrator at his/her request.

The Fair Rail Freight Service Act

- Costs of these services will be divided equally between the shipper and the railway.
- The total costs allocated to shippers could exceed an estimated \$26,000 or a greater amount if the arbitration process is extended by the arbitrator. This is in addition to the costs of legal representation incurred by the shipper.
- The decision is binding, and not subject to appeal. The cost of a private arbitrator could be a potential barrier for small shippers) to exercise the right to establish an arbitrated service agreement.

The Fair Rail Freight Service Act

- Two outstanding pieces of the Government's commitment
- Creation of a "Commodity Supply Chain Table" that reports to Transport Canada.
 - A forum for exporters to address issues that affect the freight logistics system and develop supply chain performance metrics that would be publically available (*yet to be initiated*).
- A "Grain Industry Supply Chain Review"
 - An in-depth analysis of the grain supply chain focusing on issues that affect the sector and identify potential solutions.
 - Led by Quorum, overseen by Transport Canada and AAFC (*draft under final internal government review*).

The Fair Rail Freight Service Act

- There are no known instances of arbitration taking place following the new model within the Coalition of Rail Shippers, which represents 80% of total Canadian railway volume



The Fair Rail Freight Service Act

- For the agricultural community, performance measurement issues are critical :
 - Analyze the effectiveness of the Fair Rail Freight Service Act
 - To provide information to develop positions and input into the 2015 statutory review of the Canadian Transportation Act (the scope of which is unknown at this time).

The Fair Rail Freight Service Act

- “Our government is proud to have taken concrete action to strengthen our economy by passing legislation that will improve the predictability, clarity and reliability of rail freight service across Canada.”
- “We have delivered the promise we made after receiving recommendations from the Rail Freight Service Review’s panel of experts.”
 - Denis Lebel, Minister of Transport, Infrastructure and Communities

Grain Transportation

- The agricultural sector constitutes approximately 12% of the railways' annual carloadings
- Represents approximately 16% of their revenue (figure for 2012 – but it typically is in this range)



POGA survey 2013: Industry Focused solutions to Transportation Problems

- 15 companies interviewed over the spring 2013
- Identify key issues

“Transport is everything, a make or break issue.”

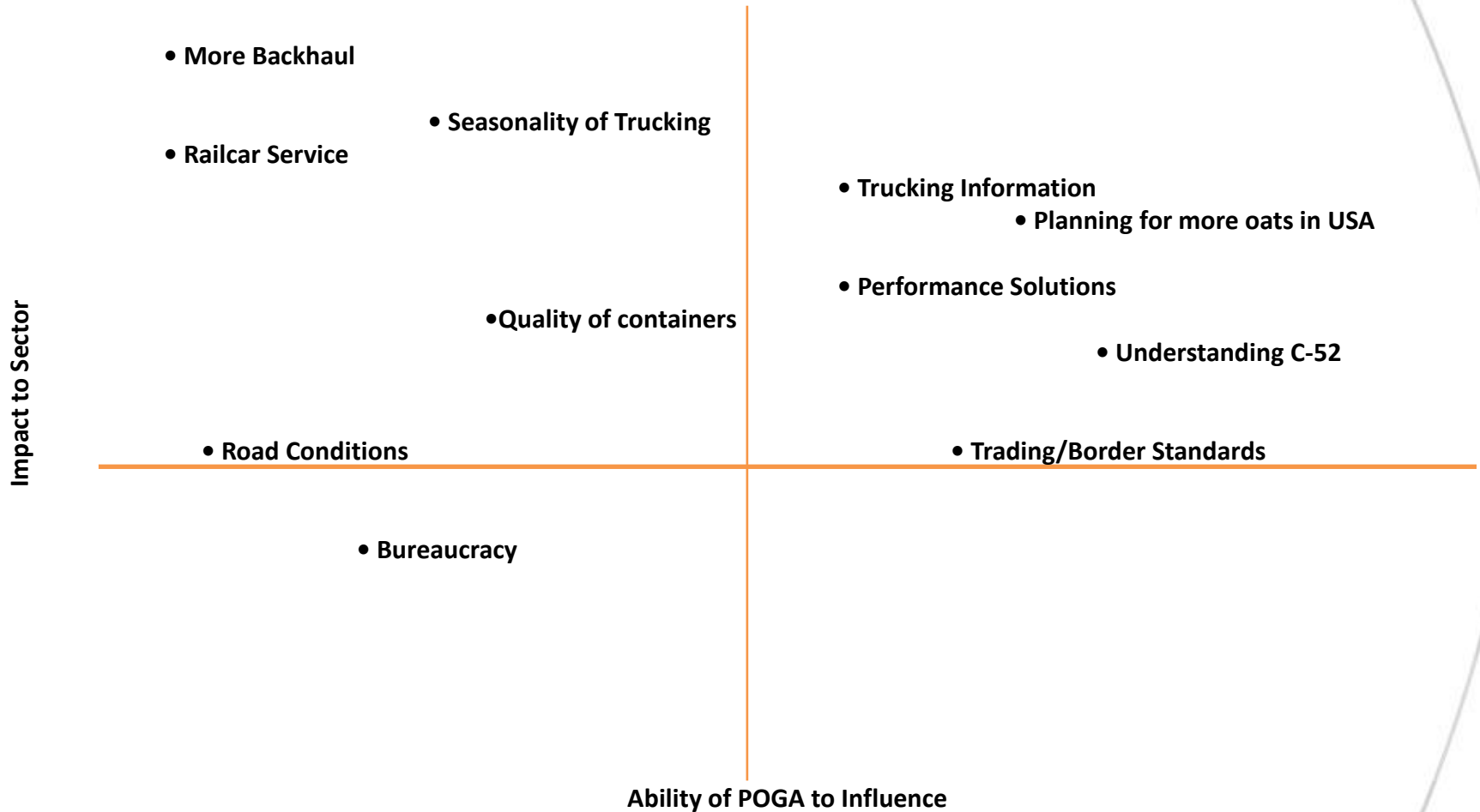
Rail Issues

- Reliability - 2 week to 3 month delays
- Increasing costs (was \$20/tonne cheaper 8 years ago;
 - one company reported a 500% increase in trucking to MN in 3 years
- US South West Corridors

Truck

- Availability of trucks
- Availability of truckers
- Seasonality and geography
 - Competition with fertilizer; poor road conditions
- Backhaul

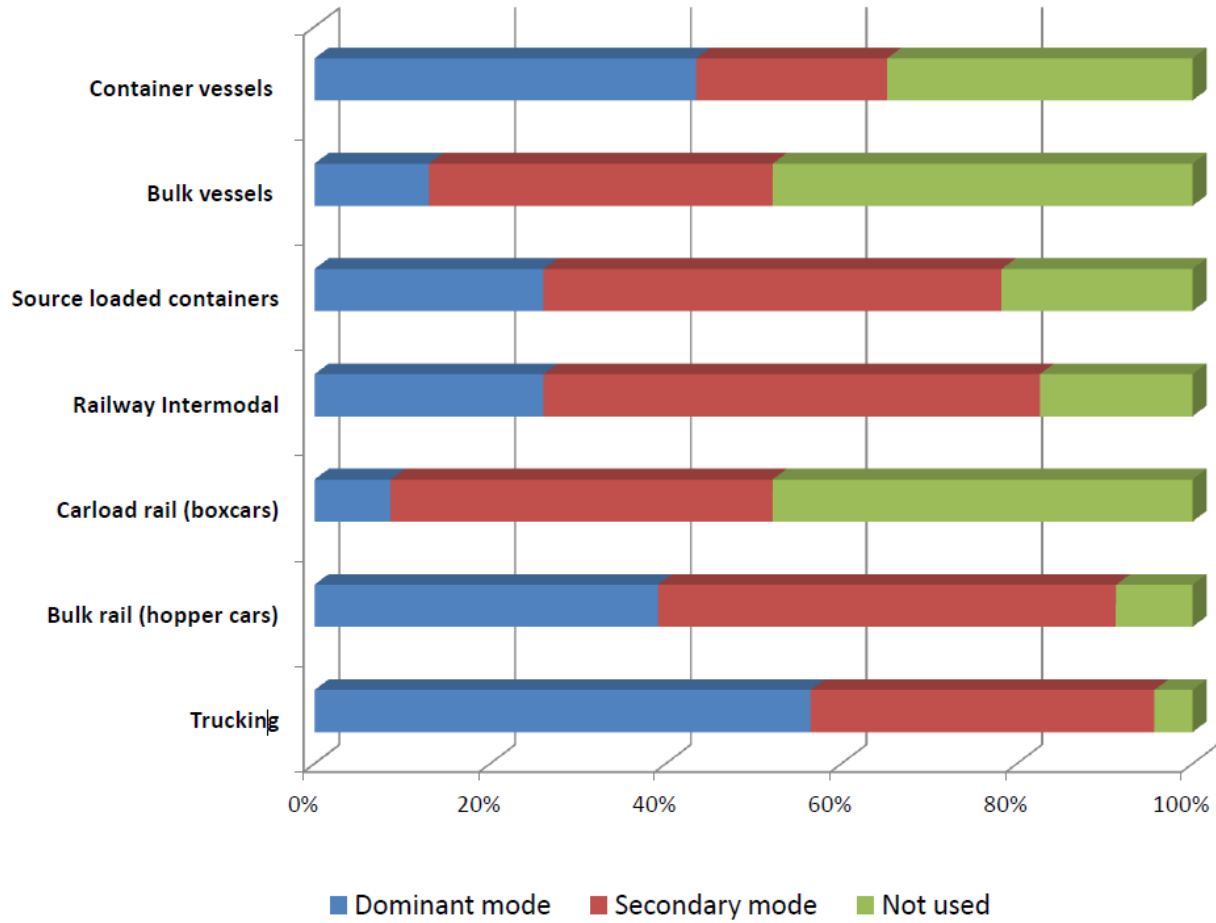
E – Key Issues Work Priority Map



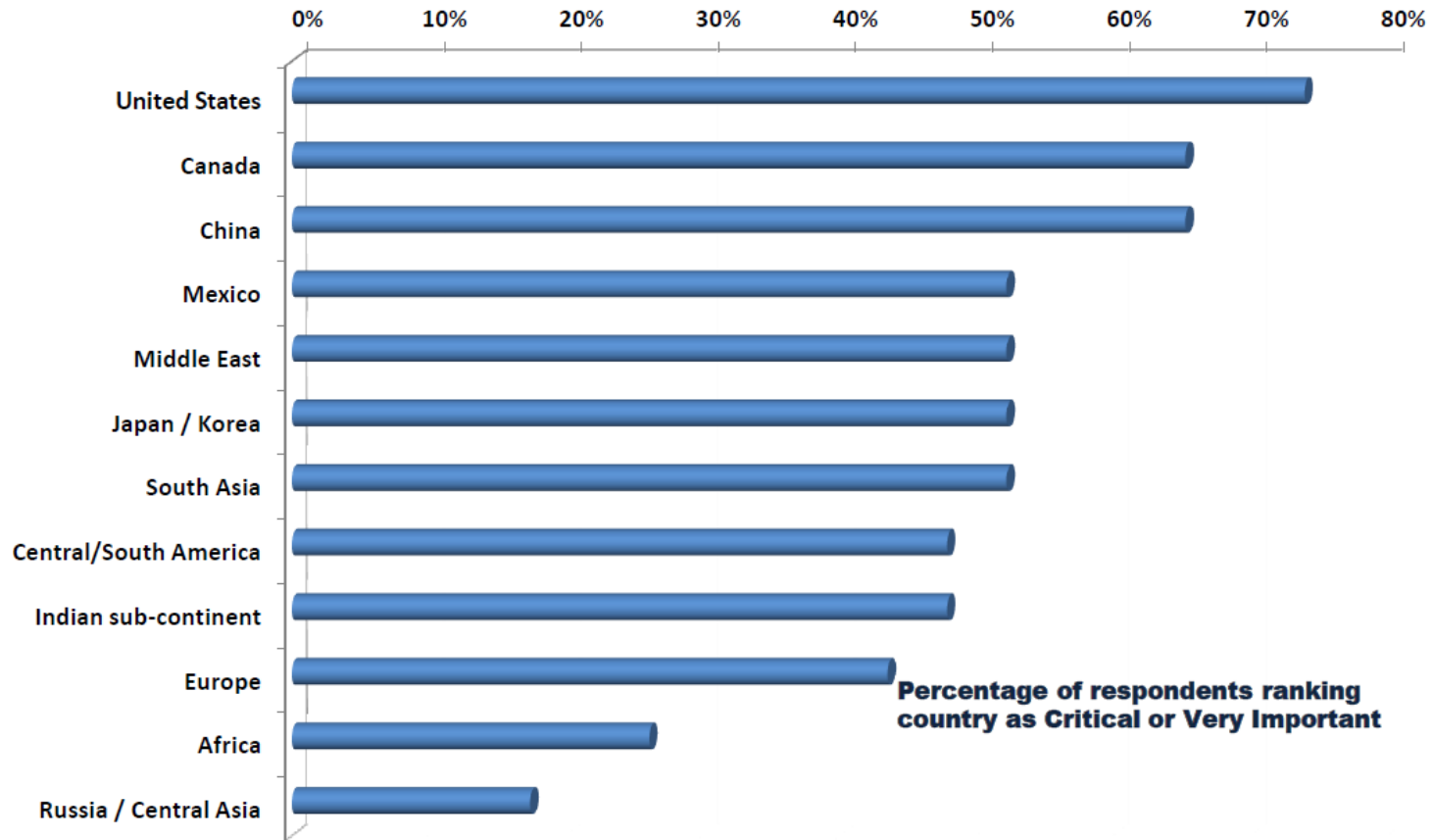
Supply Chain Innovation Committee

- Multi-commodity committee
- Want to identify problems in the transportation system and fix bottlenecks
- Role for oats is to be determined

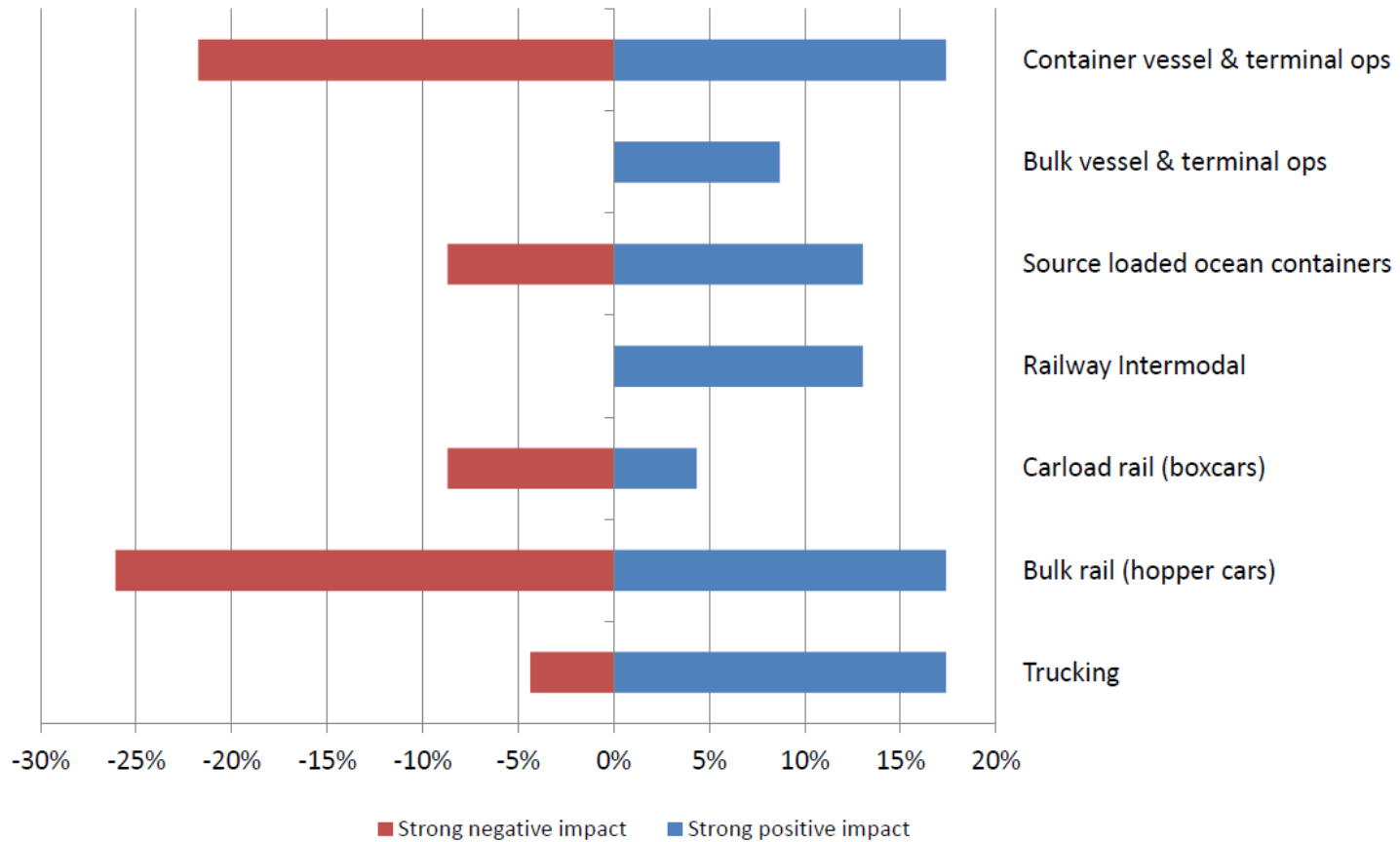
"Please identify the transport modes that you use"



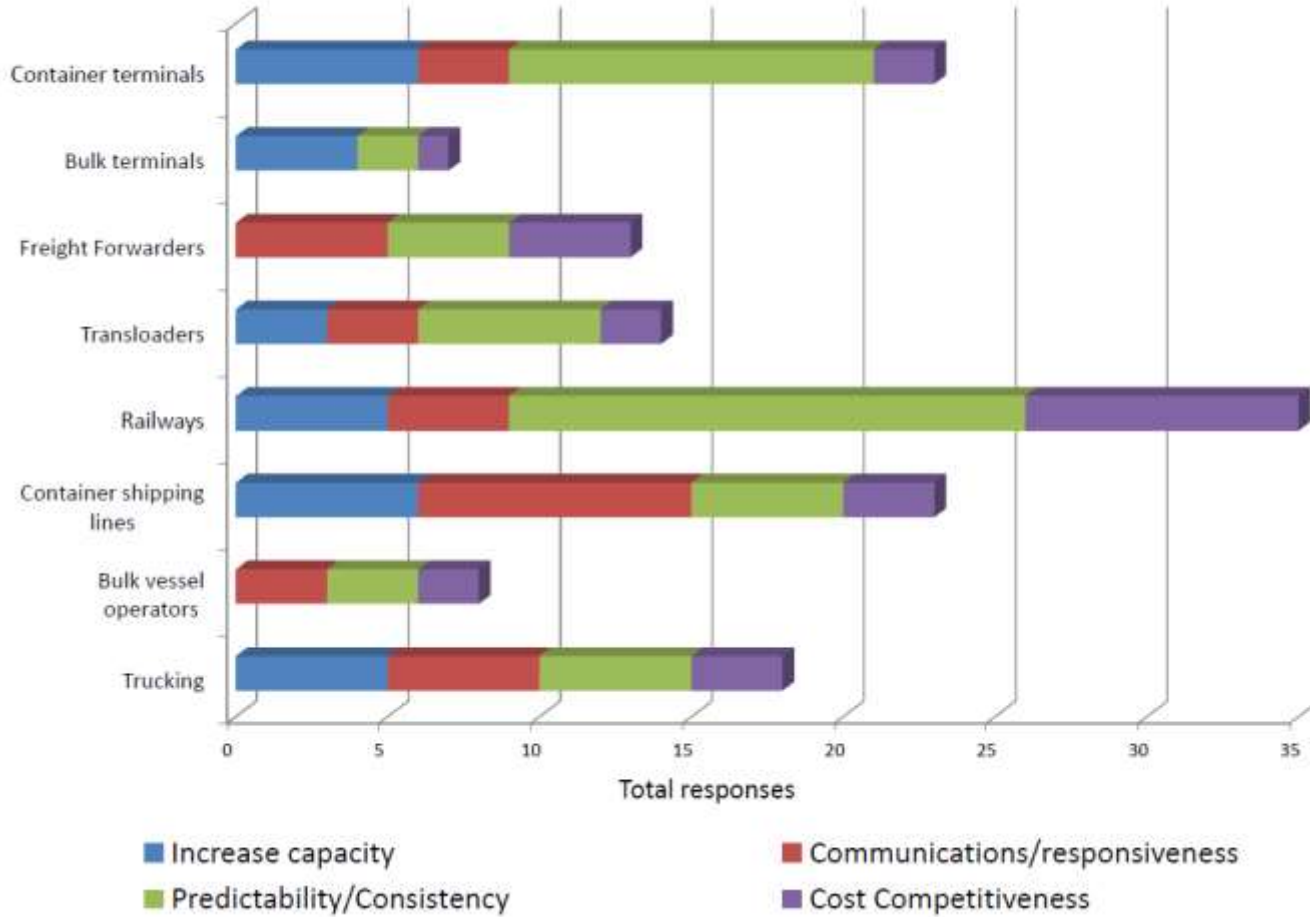
"Please rank the following markets
in terms of their importance to your organization"



"For each of the modes listed below, rank each mode in terms of the overall impact on your competitiveness"



Areas needing improvement



Meetings with Carriers

- **Crop Production Week 2014**
- January 13, 2014
- Saskatoon, Saskatchewan

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To
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www.emerging ag.com

robynne@emerging ag.com +1-204-227-4611